



Mapping The Design Business Landscape

Our new survey reveals design professionals'
top operating priorities and strategic goals

Produced in partnership with:



HPMKT
HIGH POINT MARKET™

New England
HOME



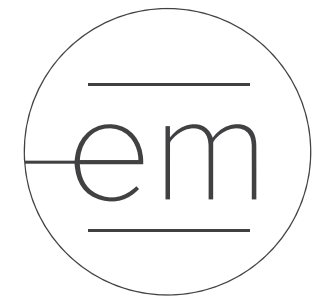
Introduction

Design firm leaders are currently navigating a topsy-turvy landscape of surging demand and declining supply, disrupted work environments, a tight employment market, impediments to travel, and myriad shifts in the normal course of business. As they move through this unpredictable world, what obstacles do they see standing in the way of their success and how do they expect to overcome them?

As 2021 came to a close, High Point Market, Esteem Media, and New England Home sought the answers to these questions. Those answers are contained in this report. It is our sincere hope that they will inform you as you seek to lead your business through these chaotic and exhilarating times.



Meet our partners



ESTEEM MEDIA

Esteem Media, Inc. Esteem Media is home to leading national and local media brands in the luxury home design, fine wine, and content marketing education; focused on connecting professionals and consumers around their passions and businesses. The company is focused on community building through commercial, educational, and professional content and networking opportunities using flexible media and event formats.

Contact: [Adam Japko - ajapko@esteemmedia.com](mailto:ajapko@esteemmedia.com)



High Point Market is the largest furnishings industry trade show in the world. Featuring more than 2,000 exhibitors, it is the creative hub and center of innovation for the global home furnishings industry. More than 75,000 retailers, interior designers, architects, and other home furnishings professionals come to High Point, North Carolina twice each year to see the products, discover the ideas, and meet the people that are defining the shape and style of tomorrow's homes.

Contact: info@highpointmarket.org, 336-869-1000



New England Home Magazine, LLC New England Home is a design media brand dedicated to showcasing the unique architecture, design, and building that defines the luxury home in New England. From urban lofts to mountain retreats, from oceanfront compounds to suburban estates, New England Home celebrates the very best design professionals and living in New England.

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Purpose: Why we conducted this survey

The primary goal of this research was to get an accurate snapshot of operating priorities and strategic goals for design professionals in this era of substantial pandemic spending increases on the home. As importantly, we designed the survey to understand the level of challenge and/or opportunity associated with each priority. The research also uncovers the relative urgency design leadership feels about the priorities they identify in their businesses.

Understanding how many leaders rank specific operating priorities yields insight into how easy or difficult the industry sees the achievement of each priority.

For example, in the Sales & Marketing category, “Consumer Referrals” had the highest urgency score, 1280, meaning that it is a highly prioritized operating tactic. However, it was only rated as an obstacle to success by fewer than 3% of respondents.

This tells us that most design firm leaders find this tactic relatively easy to achieve. Understanding the design industry’s top priorities and the relative ease or difficulty of achieving them can serve as a benchmark for many readers of this white paper. For others, it can be a call to action, and even a roadmap for how to think strategically about reaching your own business goals.

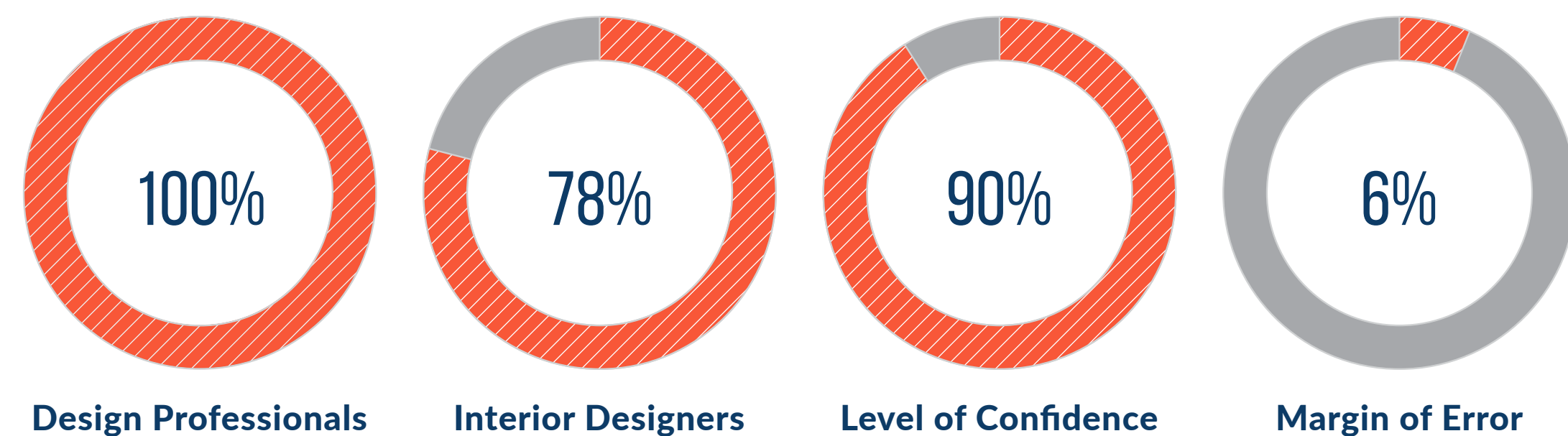


Methodology: How the survey was conducted

Respondents were drawn from a combined High Point Market, Esteem Media, and New England Home (the survey sponsors) database of design professionals. The survey was performed by Predictive Marketing, Inc.

Of the total audience selected to receive the questionnaire, **330 design professionals responded**. Of these, **78% (257) were interior designers**. Projecting their responses out to the design industry as a whole gives us a **6% margin of error (MOE)** at a **90% confidence interval**, meaning that 9 out of every 10 times this survey is conducted, results will fall within plus or minus 6% of those reported here.

330 Respondents



The research organizes responses across five strategic areas of operation for all design businesses.

5 Strategic Areas of Operation

- Product Sourcing
- Sales & Marketing
- Human Resources
- Driving Growth
- Technology Investment

For every item in each category, respondents were required to identify whether it is a perceived obstacle (something that blocks your way so that movement or progress is prevented or made more difficult), or an opportunity (makes it possible to do something that you want or have to do for your business).



— OR —



Obstacle: blocks your way so that movement or progress is prevented or made more difficult

Opportunity: makes it possible to do something that you want or have to do for your business

Next, we asked respondents to rate the urgency of the item on a scale of 1-5, where 1 is "Not a Priority" and 5 is "Urgent." The urgency of each obstacle is reported as a blended score. Therefore, it is possible for an item to achieve medium-priority status for the industry if responses are split between "Not a Priority" and "Urgent," as well as when the vast majority of responses indicate a "Medium Priority." Those items where responses are split are noted below. Note that just because there is split opinion on

certain priorities, even a 25% indication of its being an obstacle makes it a substantial industry concern.

To enrich the responses to the survey questions, uncover any additional issues, and gain a broad sense of what design firm leaders are thinking about, we closed the survey with a set of open-ended questions. No statistically significant new information was revealed and those responses are not reported here.

	Obstacle or Opportunity	Level of Urgency
Website design and optimization	Obstacle ▾	3-medium priority ▾
Email marketing/list development	▾	▾
Online or print advertising (including sponsored content)	▾	▾

Highlights: Key takeaways

This is a boom time for the design trade. Leaders are busy working on projects. So busy, in fact, that 45% of respondents identified reducing dependency on the business founder as a high priority item. However, none claimed it was an urgent concern.

Training and developing employees, retaining talent, and keeping key employees engaged are high priority concerns. Interestingly, they are not, at the moment, perceived as major obstacles to the success of the business. Recruitment and hiring is perceived as a major obstacle. The sense of urgency around this issue is only moderate. **However, moderate urgency is the result of just under 40% citing it as an urgent concern and about 45% citing it as a low- or no-priority issue.**

More than anything else, resolving supply chain problems is the biggest obstacle to success and the most urgent concern. Almost two thirds of respondents identified it as a major obstacle that is high priority or urgent. This far outpaced any of the other items addressed by this survey.

As obstacles, Recruiting and Hiring, Disaster Planning and Recovery, and Manufacturing Equipment came in a distant second to Resolving Supply Chain Problems. **Each was cited by close to 50% of respondents. However, none even approached it in urgency.** Recruiting and hiring, cited as a high priority or urgent concern by just under 40% of respondents, came closest.

At present, other than supply chain problems, many of the most urgent concerns are not considered obstacles. Customer Referrals slightly outpaced Supply Chain Problems in urgency. However, fewer than 5% of respondents cited it as an obstacle, compared to the **63% who cited Supply Chain Problems.**

In total, the survey paints a picture of a busy industry in which firm leaders are focused on leveraging their current clients to get their next client or projects – and are succeeding in doing this. Design leaders are worried about keeping their employees and keeping their key employees engaged. Interestingly, though, not to the extent that they see an immediate need to enhance internal communications or find new ways to incentivize and motivate their staff. **Recruiting and hiring looms as a major obstacle to future success for almost half of our respondents, but is a high priority for only about 27%, and only about 9% consider it an urgent issue.**





Findings

Detailed Results By Category

Findings: Product Sourcing

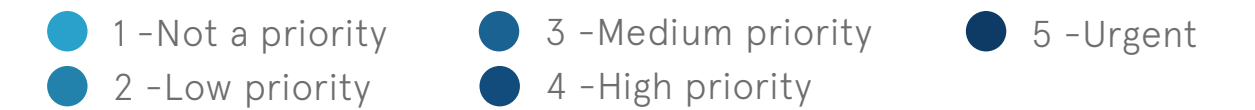
Resolving supply chain issues is far and away the greatest current obstacle to business success. It is also the most important, with nearly one third claiming it is urgent and another third claiming it is a high priority.

Other urgent issues in this category are not seen as obstacles by at least 80% of respondents.

Attending trade shows and markets rates as an important strategy, but is not seen as an obstacle. This indicates that even with the travel restrictions and inconveniences imposed by the pandemic, design firm leaders have been able to attend trade shows and markets. Sourcing more locally also rates as an important concern, but is not identified as an obstacle. However, whatever ease respondents are experiencing in sourcing more locally is not enough to relieve their concerns with solving supply chain issues.

Of slightly less concern but still important are sourcing more sustainably and designer program offerings. Overall, design leaders are able to address all of their high priority and urgent items other than supply chain issues.

Urgency Levels



Address/Resolve Supply Chain Problems



Source More Locally



Industry Trade Shows/ Market Attendance



Designer Program Offerings



Source More Sustainably



Social Media Recommendations



Online Marketplaces



Factory Visits

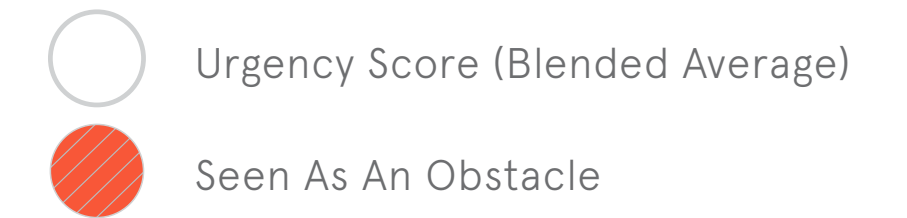


Buying Groups



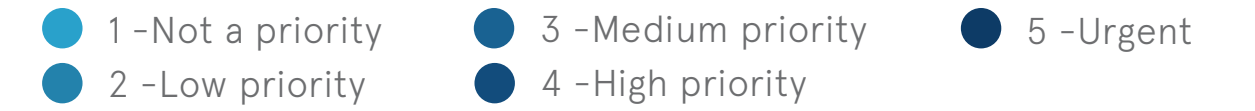
Findings: Product Sourcing

Urgency Score & Obstacle Rating



Findings: Sales & Marketing

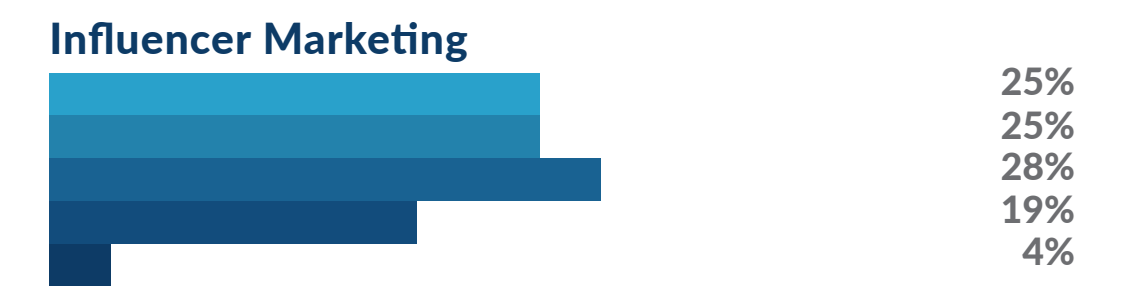
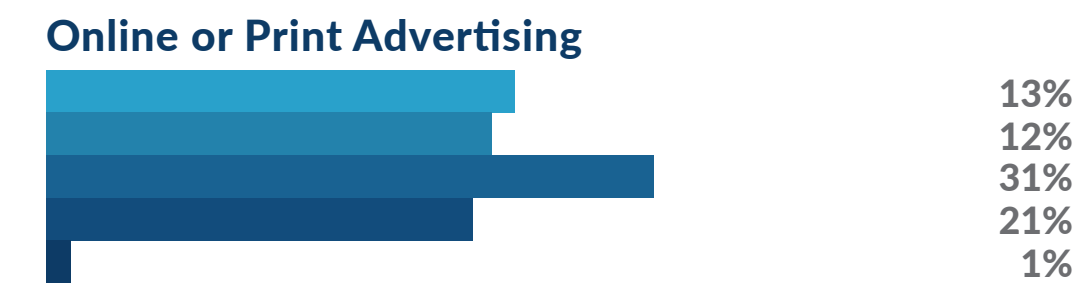
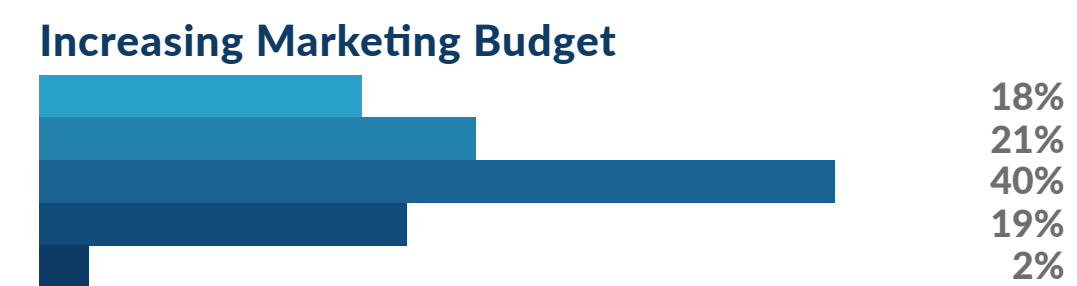
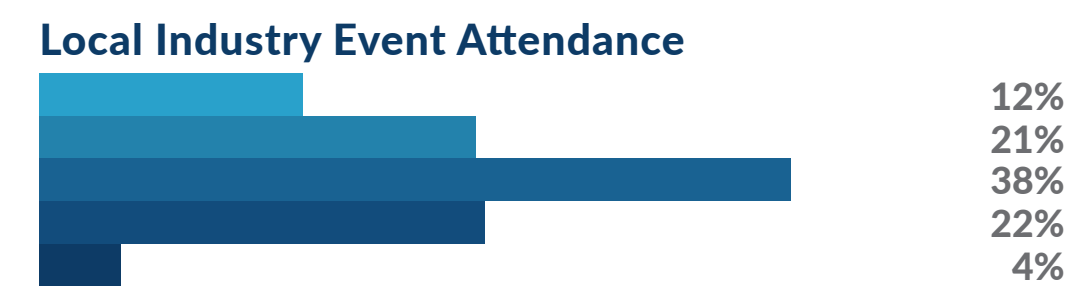
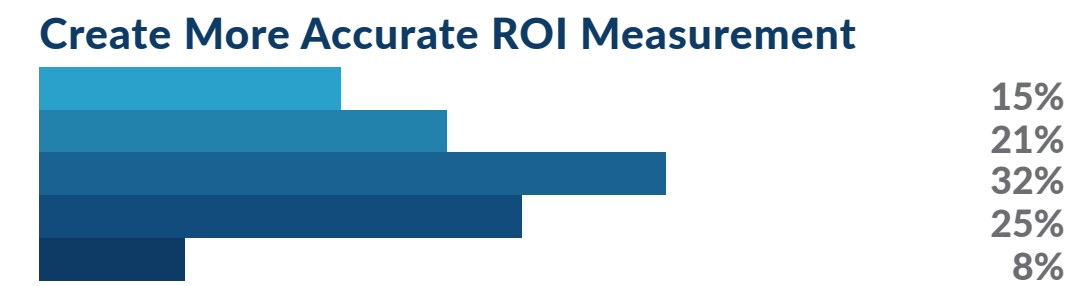
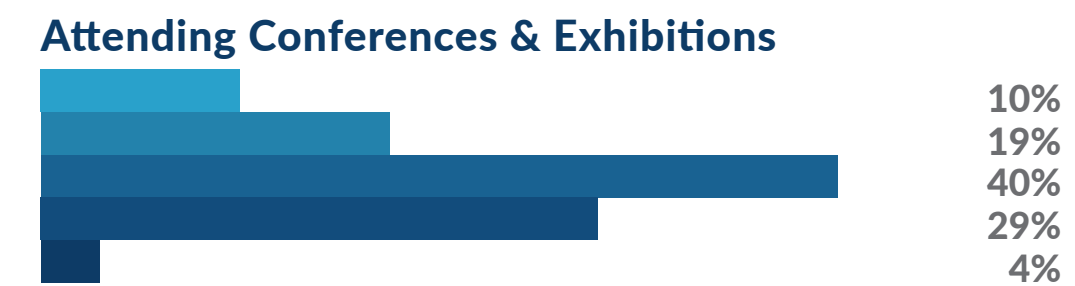
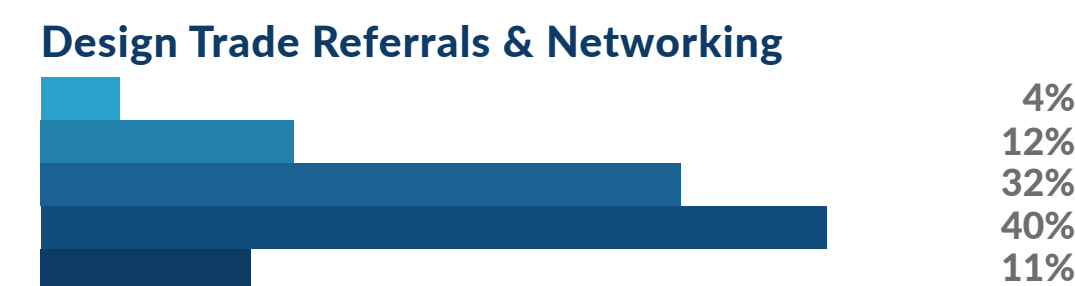
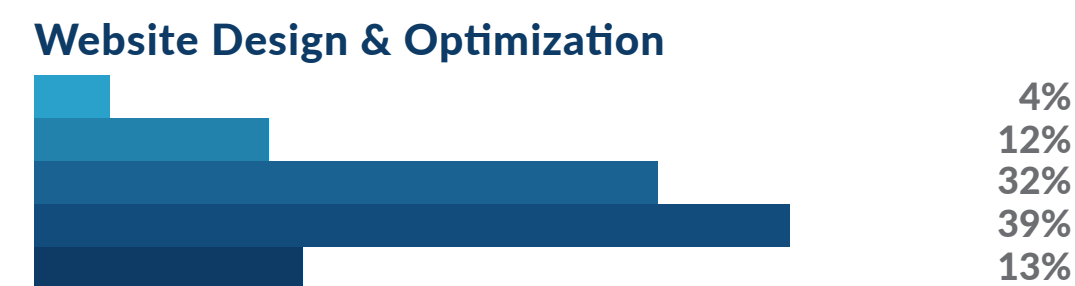
Urgency Levels



Judging from this survey, the design trade is a referral-driven business. **Consumer referrals are considered the most important sales and marketing tool.** Referrals from other designers and one's business network are also important. Brand building, social media marketing, and website design and optimization are of about equal importance – and slightly more important than trade and network referrals. **Fewer than 20% of respondents, however, identify any of these as obstacles.**

Traditional marketing tactics, such as being published in regional and national magazines, self-publishing, influencer marketing, email marketing, attending national, regional, and local events, award programs, and online or print advertising, register as urgent for fewer than 5% of respondents, as does increasing the marketing budget.

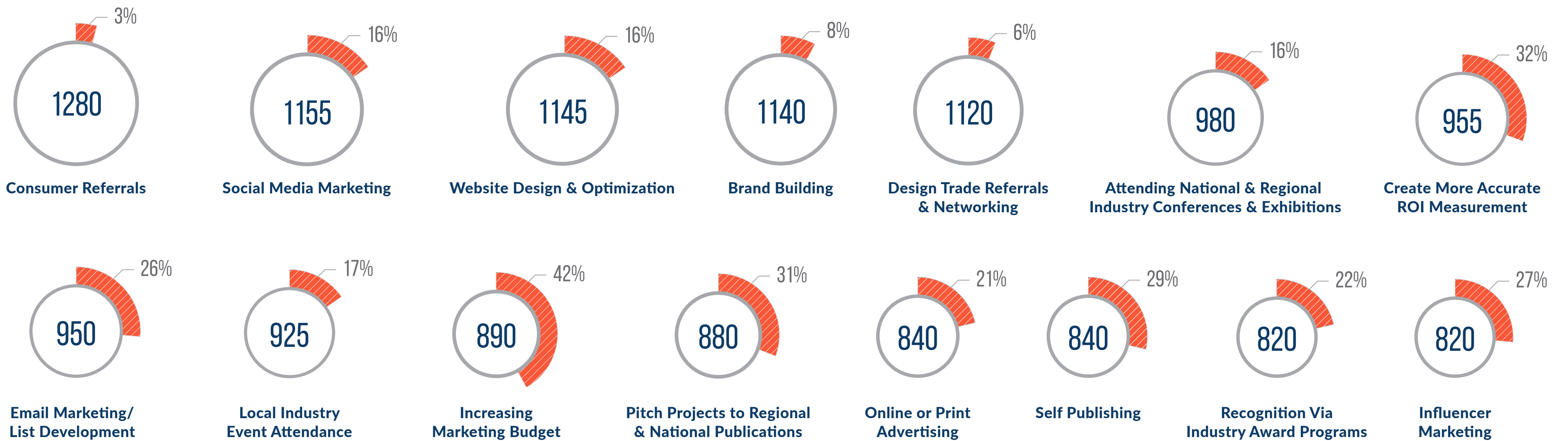
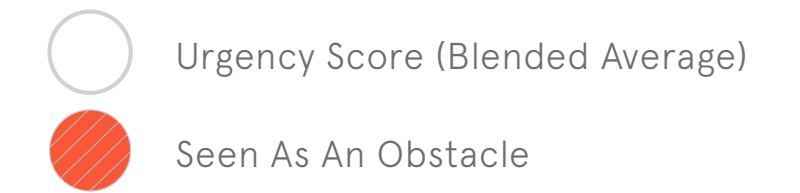
This suggests that success in securing referrals reduces the sense of urgency to initiate or expand marketing activities. It also indicates an industry that is satisfied with a fair share of a growing market and less interested in pursuing a larger share via other proven methods of client acquisition. A small number of firm leaders, perhaps not enjoying as much success as others in gaining referrals or perhaps more worried about what to do when the referrals run out, consider marketing an urgent matter to address.



Increasing their marketing budget – cited by just over 40% of respondents – is the greatest sales and marketing obstacle identified in this survey.

Findings: Sales & Marketing

Urgency Score & Obstacle Rating



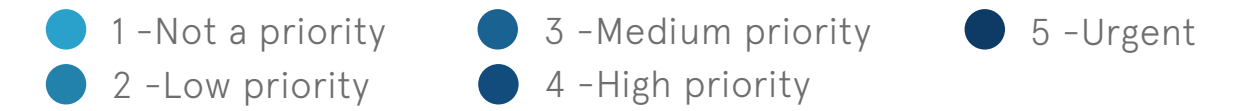
High Urgency



Low Urgency

Findings: Human Resources

Urgency Levels



Recruitment and hiring is the greatest human resources obstacle to our design leaders' success, and they are about evenly split regarding its importance. Just under 30% consider it a high priority or urgent concern, but about 31% rate it as no- or low-priority.

Training and developing staff is much more important. Almost 45% identify this as a high-priority or urgent item. Close behind are talent retention and keeping high-level long-term employees engaged.

However, these are seen as obstacles by fewer than 25% of respondents.

Leadership development is seen as important, with more than 7 in 10 respondents rating it as a medium or high priority. However, only about 10% see it as an obstacle to their success.

Taken together, these data points indicate that leaders are more focused on training and retaining their current staff than on recruitment and hiring. For those who do need to hire, though, the need is acute.

Leadership Development (for you or others)



Training & Development



Talent Retention



Keep High-Level Long-Term Employees Engaged



Work From Home/Flex Schedule Policy



Embrace Diversity In Workforce



Recruitment & Hiring



Enhance Internal Communications



Reduce Dependency On Business Founder



Succession Planning



HR Administration Functions

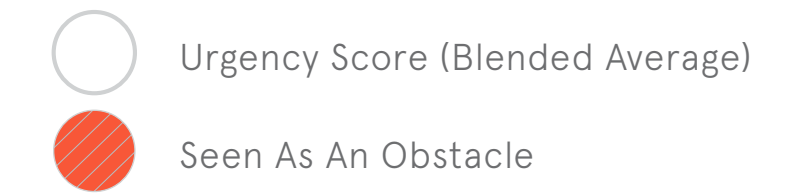


Manage Multi-Generational Workforce



Findings: Human Resources

Urgency Score & Obstacle Rating



High Urgency



Low Urgency

Findings: Driving Growth

Consistent with their referral-based sales and marketing strategy, leaders are focused on driving growth by capturing more revenue from existing clients, growing their number of clients, and retaining clients longer. This strategy seems to be succeeding, as fewer than 15% of respondents cite either of these items as an obstacle in the current environment.

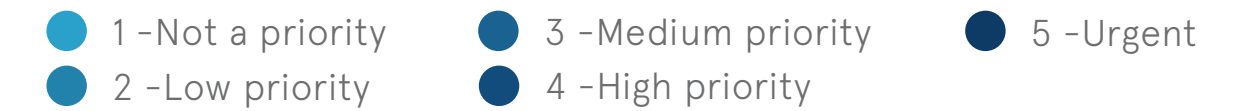
Balancing quality and growth is slightly more of an obstacle, identified as an issue by just over 15% of respondents. Attending industry trade shows, conferences, and exhibitions is also an important part of their growth strategy, but not an obstacle.

The nuts and bolts of the business – pricing/fee structures, cost containment, cash flow management, and automation/responsiveness – are the important factors in driving growth that are also seen as obstacles by at least 25% of respondents.

Disaster planning and recovery is seen as an obstacle by almost half of all respondents. However, fewer than 20% see it as a high priority or urgent concern, and about 55% rate it as no- or low-priority.

Consistent with responses that leaders are busy working with clients – and focused on getting new business through current clients – we see that developing e-commerce capability, licensing, securing capital investment, and diversifying the business are all relatively low priority items. About 20% of respondents, however, identify these as high priority or urgent concerns.

Urgency Levels



Drive More Revenue From Individual Clients



Grow Number of Clients



Retain Clients Longer



Balance Quality & Growth



Attend Industry Trade Shows, Conferences, & Exh



Firm Up or Shift Pricing/Fee Structure



Cost Containment



Cash Flow Management



Responsiveness/ Automation



Collaborate With Other Brands



Change Client Base (generational, aging population)



Business Diversification



Virtual Events



Develop E-Commerce Capability



Professional Retreats, Clubs, Memberships



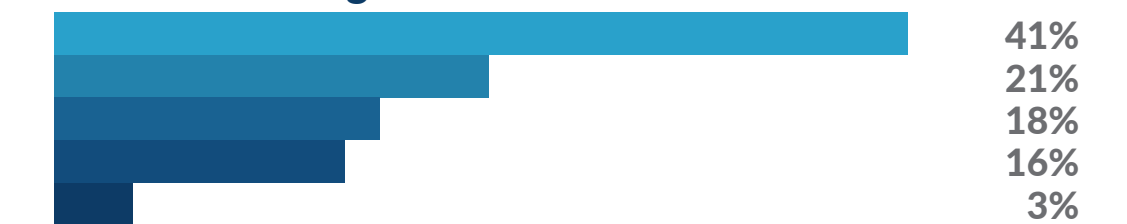
Disaster Planning & Recovery



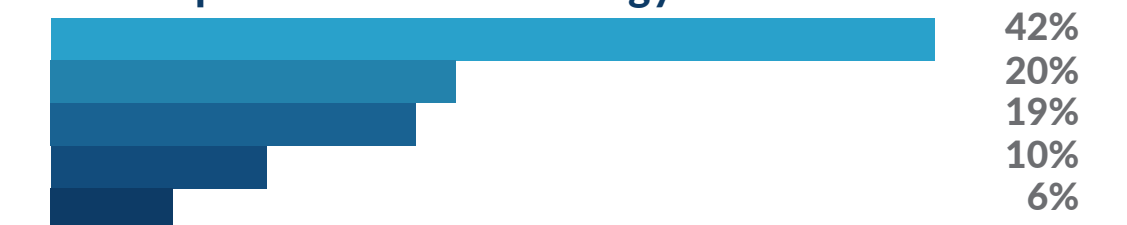
Secure Capital Investment



License Product/Service Revenue Creation With Launching a Product Line

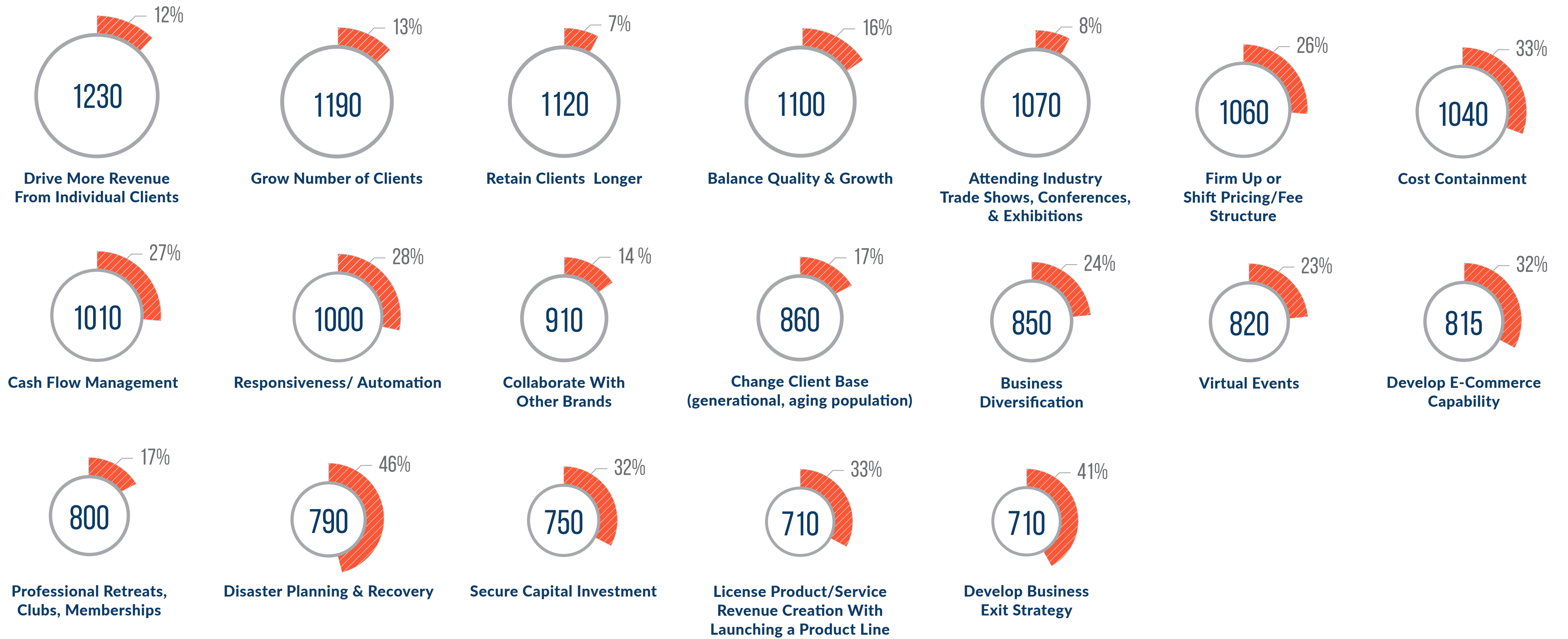
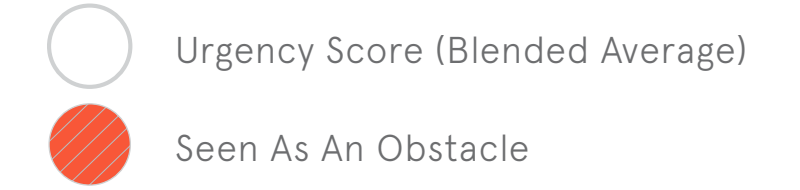


Develop Business Exit Strategy



Findings: Driving Growth

Urgency Score & Obstacle Rating



High Urgency



Low Urgency

Findings: Technology Investment

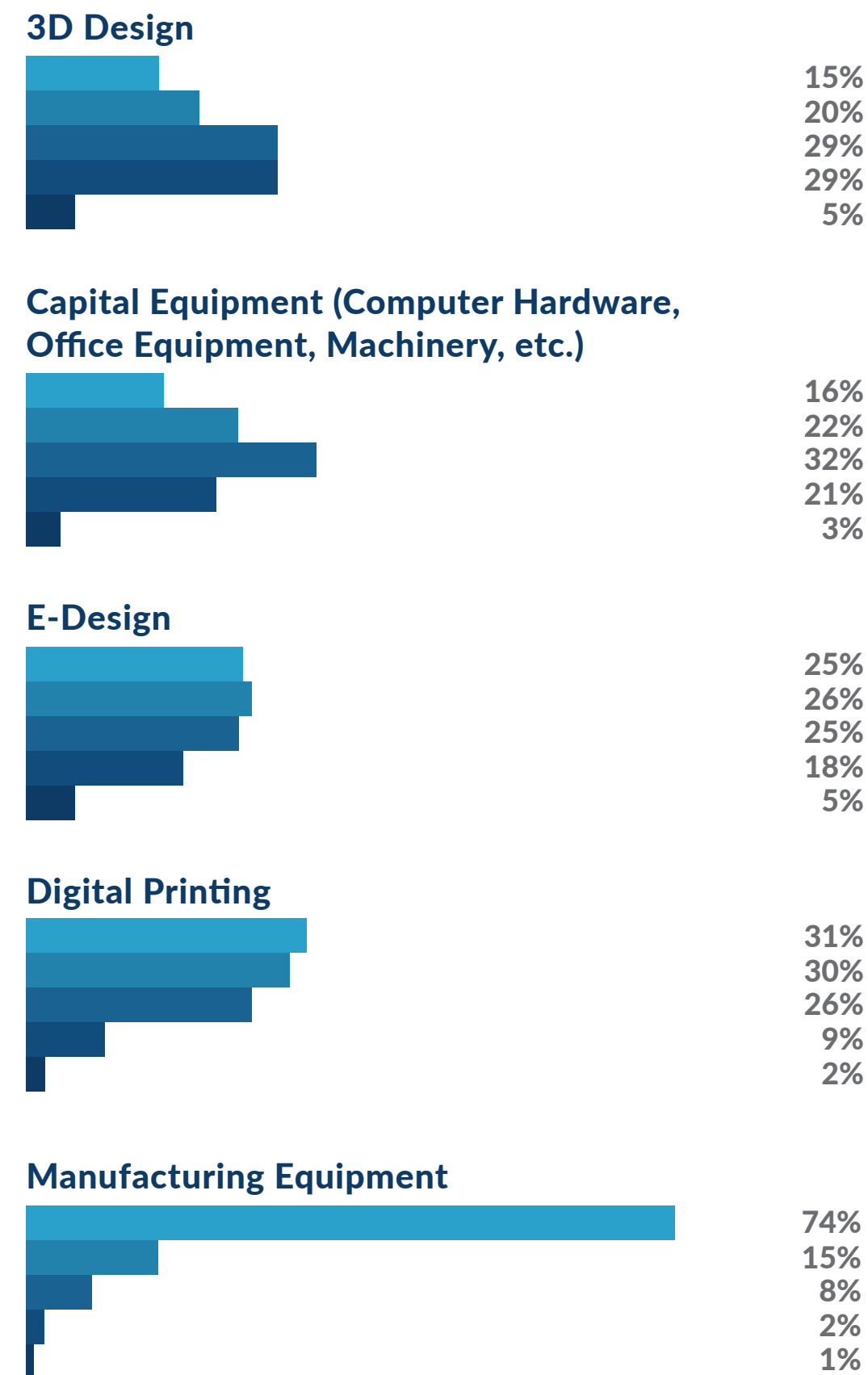
Interest in technology investment is low.

None of the items surveyed in this category had a blended urgency score greater than or equal to 1000 (approximately the top 20% of concerns).

Manufacturing equipment, cited as an obstacle by almost half of our respondents, was rated as not a priority by almost 75%. Capital equipment, 3D design, E-design, and digital printing were all of moderate importance, and all considered to be not an obstacle by more than 7 in 10 respondents.

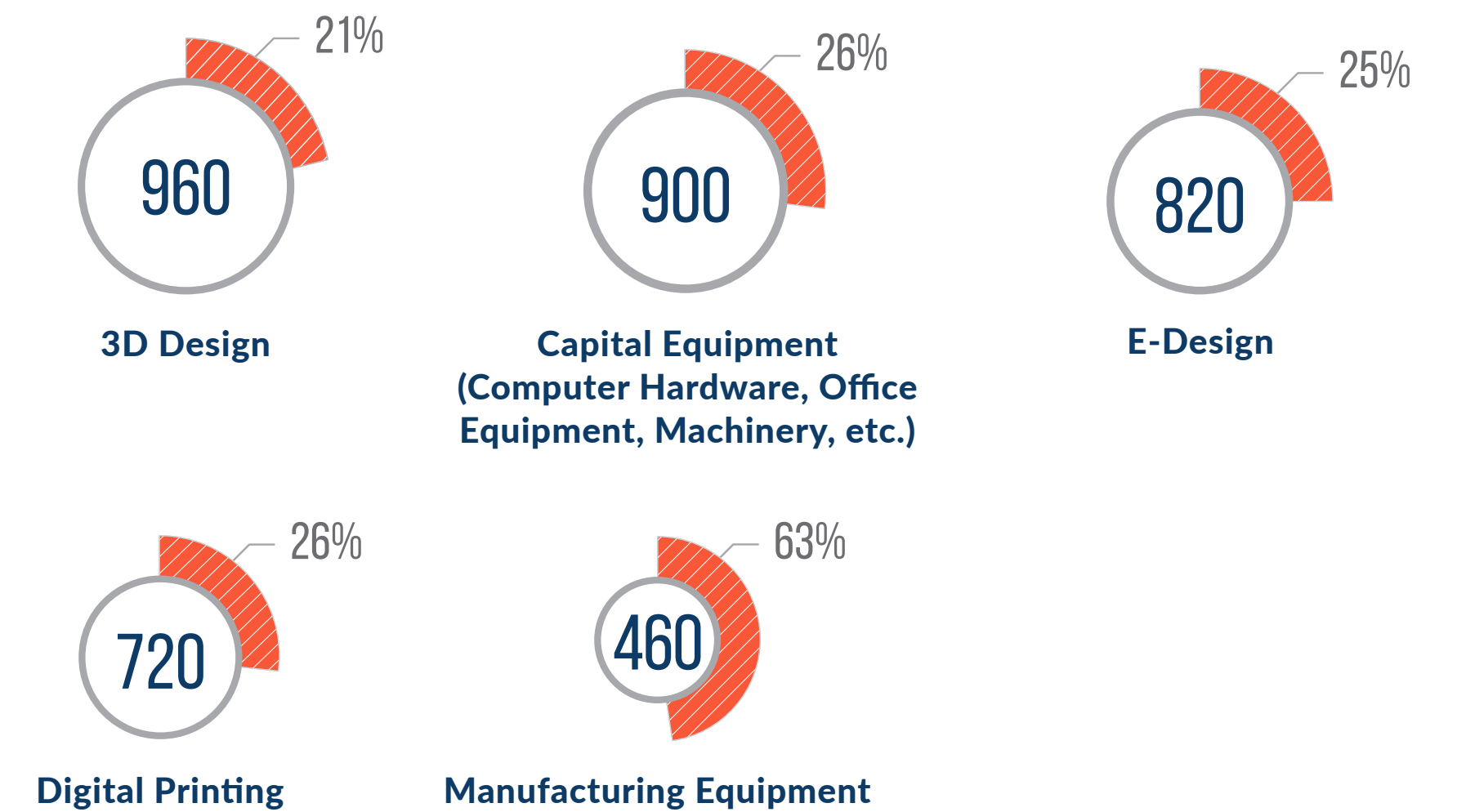
Urgency Levels

- 1 -Not a priority
- 2 -Low priority
- 3 -Medium priority
- 4 -High priority
- 5 -Urgent



Urgency Score & Obstacle Rating

- Urgency Score (Blended Average)
- Seen As An Obstacle



High Urgency Low Urgency

Conclusion

This survey uncovers a dichotomous landscape of the design industry's growing and prosperous business climate layered against a backdrop of pandemic driven change and challenge. The results also reflect concerns about workforce management and product sourcing that will need to be addressed over the longer term. Unlike other industries, the pandemic has created organic volume growth for design professionals without having to rethink or reshape their own marketing strategies.

Despite changing consumer shopping habits that are driving e-commerce transactions to new heights, home design professionals have not had to immediately overhaul traditional business frameworks to maintain growth. Even with the many challenges design business leaders face today, most report they are able to meet those strategic priorities that are within their control. Customer referrals are coming in at a rate that obviates the need for an operating overhaul required to address a changed world. Enough key employees are staying, and firm leaders are focused on making sure they stay. There is a need for new hires, but it is not yet viewed as a game breaker. Right now, there is little perceived need to invest in new technology, but business basics such as getting pricing right, keeping costs under control, cash flow management, and improving responsiveness are getting significant attention. The one item over which firm leaders have the least control – the broken global supply chain – is clearly the industry's most urgent current concern.

Survey conducted by:

Predictive Marketing Inc.

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